

**State:** Pennsylvania **Filing Company:** The Prudential Insurance Company of America  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Individual LongTerm Care Insurance  
**Project Name/Number:** ILTC-1 Post RS/11I-2021

## Filing at a Glance

Company: The Prudential Insurance Company of America  
Product Name: Individual LongTerm Care Insurance  
State: Pennsylvania  
TOI: LTC03I Individual Long Term Care  
Sub-TOI: LTC03I.001 Qualified  
Filing Type: Rate - G.I. (Guaranteed Issue)  
Date Submitted: 06/29/2022  
SERFF Tr Num: PRUD-133315768  
SERFF Status: Closed-Approved  
State Tr Num: PRUD-133315768  
State Status: Approved  
Co Tr Num: IIGH-ILTC1-POST RS-PA-R11  
Effective: On Approval  
Date Requested:  
Author(s): Raenonna Prince, Meong Kwak, Susan Olshanski, Edward Leshner Jr, Gaurav Singh  
Reviewer(s): Jim Lavery (primary), Michael Hibbert  
Disposition Date: 11/10/2022  
Disposition Status: Approved  
Effective Date:

### State Filing Description:

Proposed aggregate 26.3% increase on 797 PA policyholders of Prudential LTC forms GRP 98720, GRP 98721, and GRP 98722 (i.e. forms known as ILTC-1). These policies are all post-RS.

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<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual Long Term Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

## General Information

Project Name: ILTC-1 Post RS	Status of Filing in Domicile: Pending
Project Number: 11I-2021	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments: File Concurrently.
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact: 26.3%	Filing Status Changed: 11/10/2022
	State Status Changed: 11/10/2022
Deemer Date:	Created By: Aishwarya Grover
Submitted By: Aishwarya Grover	Corresponding Filing Tracking Number:
	State TOI: LTC03I Individual Long Term Care

### Filing Description:

Please refer to the Filing Cover Letter attached to the Supporting Documentation Tab.

## Company and Contact

### Filing Contact Information

Michael Zilberman, FSA, MAAA, Director and Actuary, Financial Management The Prudential Insurance Company of America Long Term Care Unit 751 Broad Street, 11th Floor, Plaza Newark, NJ 07102	michael.zilberman@prudential.com  267-229-4250 [Phone]
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### Filing Company Information

The Prudential Insurance Company of America 751 Broad Street Newark, NJ 07102-3777 (973) 802-6000 ext. [Phone]	CoCode: 68241 Group Code: 304 Group Name: FEIN Number: 22-1211670	State of Domicile: New Jersey Company Type: Life State ID Number:
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<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

## Filing Fees

### State Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	Individual LongTerm Care Insurance		
Project Name/Number:	ILTC-1 Post RS/11I-2021		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Michael Hibbert	11/10/2022	11/10/2022

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Disapproved	Michael Hibbert	10/20/2022	10/20/2022
Disapproved	Jim Lavery	08/01/2022	08/01/2022

#### Response Letters

Responded By	Created On	Date Submitted
Gaurav Singh	11/03/2022	11/03/2022
Gaurav Singh	10/19/2022	10/19/2022

<b>SERFF Tracking #:</b>	PRUD-133315768	<b>State Tracking #:</b>	PRUD-133315768	<b>Company Tracking #:</b>	IIGH-ILTC1-POST RS-PA-R11
<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America		
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
<b>Product Name:</b>	Individual LongTerm Care Insurance				
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021				

## Disposition

Disposition Date: 11/10/2022

Effective Date:

Status: Approved

Comment: Nov 10, 2022

Michael Zilberman, FSA, MAAA, Director and Actuary, Financial Management  
Prudential Insurance Company of America  
Long Term Care Unit  
751 Broad Street, 11th Floor, Plaza  
Newark, NJ 07102

RE: Proposed aggregate 26.3% increase on 797 PA policyholders of Prudential LTC forms GRP 98720, GRP 98721, and GRP 98722 (i.e. forms known as ILTC-1). These policies are all post-RS.  
Pennsylvania Insurance Department ID # PRUD-133315768

Dear Michael Zilberman:

The Department approves the requested average 26.3% increase over a three year staging period. The approved increases are shown in the Excel spreadsheet called "Q2 ILTC1 Post-RS Policyholders Inforce.xlsx" which was submitted on 11/3/2022.

Sincerely,

Michael Hibbert  
Actuarial Associate  
Bureau of Life, Accident and Health Insurance

<b>Company Name:</b>	<b>Overall % Indicated Change:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b>Number of Policy Holders Affected for this Program:</b>	<b>Written Premium for this Program:</b>	<b>Maximum % Change (where req'd):</b>	<b>Minimum % Change (where req'd):</b>
The Prudential Insurance Company of America	26.300%	26.300%	\$752,553	797	\$2,861,748	70.400%	0.000%

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

Schedule	Schedule Item	Schedule Item Status	Public Access
Rate (revised)	Appendix D - Rate Pages		Yes
Rate	Appendix D - Rate Pages		No
Supporting Document	Transmittal Letter (A&H)		Yes
Supporting Document	Actuarial Certification (A&H)		Yes
Supporting Document	Actuarial Memorandum and Explanatory Information (A&H)		Yes
Supporting Document	Advertisements (A&H)		Yes
Supporting Document	Authorization to File (A&H)		Yes
Supporting Document	Insert Page Explanation (A&H)		Yes
Supporting Document	Rate Table (A&H)		Yes
Supporting Document	Replacement Form with Highlighted Changes (A&H)		Yes
Supporting Document	Advertisement Compliance Certification		Yes
Supporting Document	Reserve Calculation (A&H)		Yes
Supporting Document	Variability Explanation (A&H)		Yes
Supporting Document	Appendix C - Description of Experience Analysis and Assumption Setting		Yes
Supporting Document	Policyholder Notification Package		Yes
Supporting Document	PA ILTC1-PostRS response to 2022-08-01 objection		Yes
Supporting Document	PA Post-RS ILTC1 App A B E		Yes
Supporting Document	PA ILTC1-PostRS response to 2022-10-20 objection		Yes

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**State:** Pennsylvania **Filing Company:** The Prudential Insurance Company of America  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Individual LongTerm Care Insurance  
**Project Name/Number:** ILTC-1 Post RS/11I-2021

## Objection Letter

Objection Letter Status	Disapproved
Objection Letter Date	10/20/2022
Submitted Date	10/20/2022
Respond By Date	

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Dear Michael Zilberman, FSA, MAAA,

**Introduction:**

Please see the attached disapproval letter.

**Conclusion:**

Sincerely,  
Michael Hibbert



Oct 22, 2022

Michael Zilberman, FSA, MAAA, Director and Actuary, Financial Management  
Prudential Insurance Company of America  
Long Term Care Unit  
751 Broad Street, 11th Floor, Plaza  
Newark, NJ 07102

RE: Proposed aggregate 26.3% increase on 797 PA policyholders of Prudential LTC forms GRP 98720, GRP 98721, and GRP 98722 (i.e. forms known as ILTC-1). These policies are all post-RS.  
Pennsylvania Insurance Department ID # PRUD-133315768

Dear Michael Zilberman:

The captioned filing has been reviewed by the Pennsylvania Insurance Department. It has been determined that the filing fails to meet the requirements of our Insurance Company Laws or regulations and is therefore disapproved pursuant to the authority granted under Section 304(a) of Act 134, the Accident and Health Filing Reform Act. In the event you have any questions regarding the stated concerns, please feel free to contact the Department for further clarification.

The disapproved filing may be resubmitted within 120 days of the date of disapproval. If the Department does not hear from you within 120 days, the subject filing will be permanently closed. Such filings resubmitted after 120 days must be submitted as a new filing, inclusive of appropriate filing fees and disclosure of the closed filing SERFF tracking number.

Please furnish the following information to the Department.

1. Please provide your best guess as to when the first letter will be mailed informing policyholders of this premium increase.
2. The Department has the following premium increase guidelines: (i) the annual increase on any policyholder should be limited to 30%, (ii) the staging period of the increase should be limited to no more than four years, and (iii) the aggregate increase (weighted upon the current premium column vector in the Excel seriatim policy listing) must be under 100%.

Please provide a revised Excel seriatim listing of the affected policies that complies with the guidelines above.

The revised Excel seriatim worksheet should include a row for each policy. Each row must contain the policy's unique identification number, form number, issue age, issue date, inflation status indicator, benefit period, current premium, and Prudential's suggested premium increase in each year of the proposed implementation period.



Further note that the prior seriatim listing did not include the vector of current premium. Please include this column in the revised seriatim listing.

3. The requested increase on this block is 26.3%. Yet, when we calculate the annual ratio of the premium generated from the current requested increase divided by the annual original premium and additional premium taken from your projection exhibit, the ratio does not converge to the requested increase. Please see the table below to see the ratio for selected years.

	Column A	Column B	Column C	
	Original Premium	Prior Additional Premium	Premium from the Proposed Increase	Ratio of Column A over (B+C)
2023	12,490,058	28,063,784	4,301,687	10.6%
2030	7,785,163	18,992,058	7,984,324	29.8%
2035	5,065,278	12,656,299	5,539,455	31.3%
2040	2,909,053	7,461,538	3,410,187	32.9%
2050	671,898	1,827,667	915,415	36.6%
2060	109,561	314,052	169,693	40.1%
2070	14,315	41,812	23,254	41.4%
2075	4,490	13,115	7,309	41.5%

- (a) Why does the ratio not converge quickly (i.e. by perhaps 2027) to requested increase?  
(b) Why does the ratio converge to roughly 41.5%, rather than 26.3%?

4. Have you included a margin for adverse experience in your projected claims? Is the margin uniform or does it vary in some way? Please explain.

Sincerely,

Michael Hibbert  
Actuarial Associate  
Bureau of Life, Accident and Health Insurance

**State:** Pennsylvania **Filing Company:** The Prudential Insurance Company of America  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Individual Long Term Care Insurance  
**Project Name/Number:** ILTC-1 Post RS/11I-2021

## Objection Letter

Objection Letter Status Disapproved  
Objection Letter Date 08/01/2022  
Submitted Date 08/01/2022  
Respond By Date

Dear Michael Zilberman, FSA, MAAA,

**Introduction:**

Aug 1, 2022

Michael Zilberman, FSA, MAAA, Director and Actuary, Financial Management  
Prudential Insurance Company of America  
Long Term Care Unit  
751 Broad Street, 11th Floor, Plaza  
Newark, NJ 07102

RE: Proposed aggregate 26.3% increase on 797 PA policyholders of Prudential LTC forms GRP 98720, GRP 98721, and GRP 98722 (i.e. forms known as ILTC-1). These policies are all post-RS.  
Pennsylvania Insurance Department ID # PRUD-133315768

Dear Michael Zilberman:

The captioned filing has been reviewed by the Pennsylvania Insurance Department. It has been determined that the filing fails to meet the requirements of our Insurance Company Laws or regulations and is therefore disapproved pursuant to the authority granted under Section 304(a) of Act 134, the Accident and Health Filing Reform Act. In the event you have any questions regarding the stated concerns, please feel free to contact the Department for further clarification.

The disapproved filing may be resubmitted within 120 days of the date of disapproval. If the Department does not hear from you within 120 days, the subject filing will be permanently closed. Such filings resubmitted after 120 days must be submitted as a new filing, inclusive of appropriate filing fees and disclosure of the closed filing SERFF tracking number.

Please furnish the following information to the Department.

1. Please provide an Excel spreadsheet that incorporates the three calendar-year column vectors requested below:
  - (a) Provide the historical (from inception) and projected nationwide earned premium that will be collected at the original rate level. In terms of the 58%/85% Method, this would be the premium column vector that would be subject to a .58 factor. Please provide this – and all other data in this question - as a non-interest rate discounted column vector.
  - (b) Provide the historical (from the date of the first premium increase) and projected nationwide earned premium that will be collected at a “higher than original” rate level. In terms of the 58%/85% Method, this would be the premium column vector that would be subject to a .85 factor.
  - (c) Provide the projected nationwide calendar-year earned premium (from the effective date of the current proposed increase) that will be collected at a “higher than original” rate level due to the current proposed rate increase. Again, in terms of the 58%/85% Method, this would be subject to a .85 factor.
  - (c) Provide a column vector of the historical (from inception) and projected nationwide incurred claims on a calendar year basis.
  - (e) Please ensure that the data provided is consistent with Section 13 (i.e. Satisfaction of Loss Ratio Requirements) shown in Appendix A.
  - (f) Please provide the interest rate (or calendar-year interest rate vector) used to determine the accumulated and present values found in Section 13 of Appendix A.

**State:** Pennsylvania **Filing Company:** The Prudential Insurance Company of America  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Individual Long Term Care Insurance  
**Project Name/Number:** ILTC-1 Post RS/11I-2021

2. Please provide a listing of the past requested increases and approved increases by state. Also include a column showing the cumulative increases that have been approved in each state.

3. Page 1 of the actuarial memo states the following: "These revisions are necessary because the current best estimate projections of the nationwide lifetime loss ratios are higher than the originally priced expected lifetime loss ratios. The higher lifetime loss ratios are due to adverse morbidity and persistency experience."

Please discuss further the adverse morbidity and persistency experience that resulted in the need for the current rate increase. In particular, discuss re-pricing assumptions that have changed from the last increase approved nationwide, discuss any changes due to internal experience studies, and discuss any changes due to updated consultant data.

4. Has Covid 19 been factored into your projections?

5. Please define what a "cash" policy entails. Would it pay the full daily benefit even if the actual daily charge was smaller than the policy maximum? Does it pay the full daily benefit if the person is "benefit eligible" even if no services were received on a given day?

6. Please provide a seriatim listing of the affected policies in this block in Excel. Each row within the worksheet must contain the policy's unique identification number, form number, issue age, issue date, inflation status indicator, benefit period, and Prudential's suggested premium increase in each year of the implementation period.

The Department would prefer to limit annual increases to 30% per year.

ILTC-1 policies characterized as "Auto Inflation/Cash/Unlimited" are scheduled to receive 70.4% in Pennsylvania. Proposed rate increases should be staged over multiple years to accommodate the 30% annual limit.

Sincerely,

James Laverty, FSA, MAAA

Actuary

Bureau of Life, Accident and Health Insurance

**Conclusion:**

Sincerely,

Jim Laverty

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	11/03/2022
Submitted Date	11/03/2022

Dear Jim Lavery,

### Introduction:

Thank you for your review of the above referenced filing material.

### Response 1

#### Comments:

Please refer to the letter of response and additional response material from our Actuary, Mr. Michael Zilberman. The response material can be referenced on the Supporting Documentation Tab of this filing.

### Changed Items:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Supporting Document Schedule Item Changes	
Satisfied - Item:	PA ILTC1-PostRS response to 2022-10-20 objection
Comments:	
Attachment(s):	PA ILTC1-PostRS resp to 2022-10-20 obj.pdf Q2 ILTC1 Post-RS Policyholders Inforce.xlsx Q3 ILTC1 Post-RS Projected Inforce Distribution.xlsx

### Conclusion:

We trust this information satisfies the Department's concerns. Should you be in need of any additional information, please do not hesitate to contact me.

Thanks & Regards  
Gaurav Pratap Singh  
gaurav.p.singh@prudential.com  
Sincerely,  
Gaurav Singh

State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	Individual LongTerm Care Insurance		
Project Name/Number:	ILTC-1 Post RS/11I-2021		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	10/19/2022
Submitted Date	10/19/2022

Dear Jim Lavery,

### Introduction:

Thank you for your review of the above referenced filing material.

### Response 1

#### Comments:

Please refer to the letter of response and additional response material from our Actuary, Mr. Michael Zilberman. The response material can be referenced on the Supporting Documentation Tab of this filing.

### Changed Items:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes						
Item No.	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments	Date Submitted
1	Appendix D - Rate Pages	GRP 98720, GRP 98721, GRP 98722	Revised	Previous State Filing Number: PRUD-131979968 Percent Rate Change Request: 26.3	Appendix D - Rate Pages (PA ILTC1 Post-RS).xlsx,	10/19/2022 By: Gaurav Singh
Previous Version						
1	Appendix D - Rate Pages	GRP 98720, GRP 98721, GRP 98722	Revised	Previous State Filing Number: PRUD-131979968 Percent Rate Change Request: 26.3	Appendix D - Rate Pages (PA ILTC1 Post-RS).xlsx,	06/29/2022 By: Aishwarya Grover

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	PA ILTC1-PostRS response to 2022-08-01 objection
<b>Comments:</b>	
<b>Attachment(s):</b>	PA ILTC1-PostRS resp to 2022-08-01 obj.pdf Q1_ILTC1 Post-RS.xlsx Q2 ILTC1 Approved&RequestedRI.xlsx Q3 ILTC1 Assumption Comparison.xlsx Q6 ILTC1 Post-RS Policyholders Inforce.xlsx

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	PA ILTC1-PostRS response to 2022-08-01 objection
<b>Comments:</b>	
<b>Attachment(s):</b>	PA ILTC1-PostRS resp to 2022-08-01 obj.pdf Q1_ILTC1 Post-RS.xlsx Q2 ILTC1 Approved&RequestedRI.xlsx Q3 ILTC1 Assumption Comparison.xlsx Q6 ILTC1 Post-RS Policyholders Inforce.xlsx

<b>Satisfied - Item:</b>	PA Post-RS ILTC1 App A B E
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Post-RS ILTC1 App A B E.xlsx

**Conclusion:**

*We trust this information satisfies the Department's concerns. Should you be in need of any additional information, please do not hesitate to contact me.*

Thanks & Regards  
Gaurav Pratap Singh  
gaurav.p.singh@prudential.com

Sincerely,  
Gaurav Singh

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	SERFF
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	32.350%
<b>Effective Date of Last Rate Revision:</b>	02/01/2021
<b>Filing Method of Last Filing:</b>	SERFF
<b>SERFF Tracking Number of Last Filing:</b>	PRUD-131979968

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
The Prudential Insurance Company of America	26.300%	26.300%	\$752,553	797	\$2,861,748	70.400%	0.000%

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Appendix D - Rate Pages	GRP 98720, GRP 98721, GRP 98722	Revised	Previous State Filing Number: PRUD-131979968 Percent Rate Change Request: 26.3	Appendix D - Rate Pages (PA ILTC1 Post-RS).xlsx,



<b>SERFF Tracking #:</b>	PRUD-133315768	<b>State Tracking #:</b>	PRUD-133315768	<b>Company Tracking #:</b>	IIGH-ILTC1-POST RS-PA-R11
<hr/>					
<b>State:</b>	Pennsylvania			<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
<b>Product Name:</b>	Individual LongTerm Care Insurance				
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021				

**Attachment Appendix D - Rate Pages (PA ILTC1 Post-RS).xlsx is not a PDF document and cannot be reproduced here.**

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Transmittal Letter (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA PostRS ILTC1-Filing Cover Letter.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Certification (A&H)
<b>Bypass Reason:</b>	Please refer to Section 22, pages of 11 and 12 of the enclosed Actuarial Memorandum.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Explanatory Information (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	Act Memo - Revised Rates ILTC1PostRS – PA.pdf PA Post-RS ILTC1 Rate Increase.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Advertisements (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Authorization to File (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Insert Page Explanation (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Rate Table (A&H)
<b>Bypass Reason:</b>	Please refer to Appendix D, Rate Pages attached to the Rate Schedule Tab of this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Replacement Form with Highlighted Changes (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Advertisement Compliance Certification
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Reserve Calculation (A&H)
<b>Bypass Reason:</b>	Please refer to the enclosed Actuarial Memorandum.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Variability Explanation (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Appendix C - Description of Experience Analysis and Assumption Setting
<b>Comments:</b>	

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Individual LongTerm Care Insurance		
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021		

<b>Attachment(s):</b>	Appendix C - Description of Experience Analysis and Assumption Setting.pdf Appendix C - Exhibit 1 - Mortality Details - ILTC1.xlsx Appendix C - Exhibit 2 - Lapse Details - ILTC.xlsx Appendix C - Exhibit 4 - Utilization Details - ILTC.xlsx Appendix C - Exhibit 4 - Utilization Details - ILTC.xlsx Appendix C - Exhibit 5 - Claim Termination Death - ILTC.xlsx Appendix C - Exhibit 6 - Claim Termination Recovery - ILTC.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Policyholder Notification Package
<b>Comments:</b>	
<b>Attachment(s):</b>	LTC-Change Request Form Round 11 (ILTC1) 06.07.2022 FC.pdf LTC-Coverage Options Round 11 (ILTC1) - 06.07.2022 FC.pdf FAQs-Round 11 (ILTC1) - 10-19-2021.pdf LTC-Policyholder Notification Letter Round 11 (ILTC1) - 10-22-2021.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	PA ILTC1-PostRS response to 2022-08-01 objection
<b>Comments:</b>	
<b>Attachment(s):</b>	PA ILTC1-PostRS resp to 2022-08-01 obj.pdf Q1_ILTC1 Post-RS.xlsx Q2 ILTC1 Approved&RequestedRI.xlsx Q3 ILTC1 Assumption Comparison.xlsx Q6 ILTC1 Post-RS Policyholders Inforce.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	PA Post-RS ILTC1 App A B E
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Post-RS ILTC1 App A B E.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	PA ILTC1-PostRS response to 2022-10-20 objection
<b>Comments:</b>	
<b>Attachment(s):</b>	PA ILTC1-PostRS resp to 2022-10-20 obj.pdf Q2 ILTC1 Post-RS Policyholders Inforce.xlsx Q3 ILTC1 Post-RS Projected Inforce Distribution.xlsx
<b>Item Status:</b>	

<b>SERFF Tracking #:</b>	PRUD-133315768	<b>State Tracking #:</b>	PRUD-133315768	<b>Company Tracking #:</b>	IIGH-ILTC1-POST RS-PA-R11
<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	The Prudential Insurance Company of America		
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
<b>Product Name:</b>	Individual LongTerm Care Insurance				
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021				
<b>Status Date:</b>					

State:

Pennsylvania

Filing Company:

The Prudential Insurance Company of America

TOI/Sub-TOI:

LTC03I Individual Long Term Care/LTC03I.001 Qualified

Product Name:

Individual LongTerm Care Insurance

Project Name/Number:

ILTC-1 Post RS/11I-2021

***Attachment PA Post-RS ILTC1 Rate Increase.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Appendix C - Exhibit 1 - Mortality Details - ILTC1.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Appendix C - Exhibit 2 - Lapse Details - ILTC.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Appendix C - Exhibit 4 - Utilization Details - ILTC.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Appendix C - Exhibit 4 - Utilization Details - ILTC.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Appendix C - Exhibit 5 - Claim Termination Death - ILTC.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Appendix C - Exhibit 6 - Claim Termination Recovery - ILTC.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Q1\_ILTC1 Post-RS.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Q2 ILTC1 Approved&RequestedRI.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Q3 ILTC1 Assumption Comparison.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Q6 ILTC1 Post-RS Policyholders Inforce.xlsx is not a PDF document and cannot be reproduced here.***

<b>SERFF Tracking #:</b>	PRUD-133315768	<b>State Tracking #:</b>	PRUD-133315768	<b>Company Tracking #:</b>	IIGH-ILTC1-POST RS-PA-R11
<hr/>					
<b>State:</b>	Pennsylvania			<b>Filing Company:</b>	The Prudential Insurance Company of America
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
<b>Product Name:</b>	Individual LongTerm Care Insurance				
<b>Project Name/Number:</b>	ILTC-1 Post RS/11I-2021				

***Attachment PA Post-RS ILTC1 App A B E.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Q2 ILTC1 Post-RS Policyholders Inforce.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Q3 ILTC1 Post-RS Projected Inforce Distribution.xlsx is not a PDF document and cannot be reproduced here.***



**Michael Zilberman, FSA, MAAA**  
Director, Actuary  
Prudential Long Term Care

The Prudential Insurance Company of America  
Long Term Care Unit  
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Tel 973-716-4225  
Michael.Zilberman@prudential.com

June 27, 2022

The Honorable Jessica K. Altman  
Commissioner of Insurance  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, Pennsylvania 17120

Re.: The Prudential Insurance Company of America  
NAIC #304-68241  
Individual Long Term Care Insurance  
Form Numbers: GRP 98720, GRP 98721 and GRP 98722, et al

Dear Commissioner Altman:

Enclosed for your review is support for a requested increase to our long-term care insurance premium rate schedule, for the above referenced forms.

Forms GRP 98720, GRP 98721 and GRP 98722 were previously approved by the Department on December 23, 2002, and its form series was sold nationwide during the period of 1999 through 2012. This product is no longer being marketed in any state.

The most recent rate schedule change under this series of forms was reviewed and filed by the Department under SERFF tracking number PRUD- 131979968 on January 15, 2020.

We are requesting a rate increase for the above referenced policy series of the following amounts:

Inflation Type	Benefit Type	Benefit Period	Requested Rate Increase
No Inflation	Cash	Lifetime or 10 year	40.9%
No Inflation	Cash	less than 10 year	0.0%
No Inflation	Reimbursement	Lifetime or 10 year	27.2%
No Inflation	Reimbursement	less than 10 year	0.0%
Auto Inflation	Cash	Lifetime or 10 year	70.4%
Auto Inflation	Cash	less than 10 year	27.9%
Auto Inflation	Reimbursement	Lifetime or 10 year	36.3%
Auto Inflation	Reimbursement	less than 10 year	15.5%

The rate increase is needed to help ensure that future premiums, in combination with existing reserves, will be adequate to fund anticipated claims. We will continue to monitor the performance of this block of business after this rate action.

The requested rate increases will not restore original profit margins, but will help Prudential avoid additional losses as well as further depletion of its surplus. Approval of the requested rate increase will also help maintain equity amongst the states.



The proposed premium rates will be effective on each policy's first modal premium due date that is on or after the effective date, which Prudential will establish following state authorization. Prudential will provide all policyholders at least 60 days advance notice of the rate increase.

We understand that a premium increase may be difficult for our policyholders to absorb. Consequently, Prudential is prepared to offer a number of options to help mitigate or eliminate the impact of the higher premium an insured is paying, such as; reducing their benefit period, decreasing their Daily Benefit Maximum, or dropping rider(s) (e.g. optional coverage). Additionally, as an alternative, the Contingent Non-forfeiture benefit will be made available to all impacted policyholders whose plan design does not already include a Non-forfeiture Benefit Rider.

Please note that, for policies issued on or after September 16, 2002, we consider this rate increase filing to satisfy the regulatory requirement to provide updated projections annually following the approval of a previous rate increase.

The following items are included with this submission:

- All Actuarial Material
- All Required Certifications
- State transmittal and checklists (If applicable)
- Policyholder Notification Package

**Correspondence:** Please correspond directly with my associate concerning this filing.

Sean Lee  
Associate Actuary  
The Prudential Insurance Company of America  
213 Washington Street  
Newark, NJ 07102  
(973) 802-8966  
e-mail: sean.lee@prudential.com

Very truly yours,

A handwritten signature in black ink that reads "Michael Zilberman". The signature is written in a cursive, flowing style.

Michael Zilberman, FSA, MAAA  
Director, Actuary

Enclosures

June 27, 2022  
Actuarial Memorandum Supporting Rate Revision for  
The Prudential Insurance Company of America  
Individual Long-Term Care Insurance Plan  
Pennsylvania

1. Scope and Purpose

The purpose of this memorandum is to provide actuarial information supporting a rate revision to premiums for the following The Prudential Insurance Company of America's Tax-Qualified individual long-term care Forms and their associated riders:

<u>Product Name</u>	<u>Form Number</u>	<u>Issue Dates in Pennsylvania</u>
ILTC1, Simple Inflation	GRP 98720	08/1999 - 12/2008
ILTC1, Compound Inflation	GRP 98721	08/1999 - 12/2008
ILTC1, Periodic Inflation Option	GRP 98722	08/1999 - 12/2008

Some riders may not be available in all states. This rate filing is not intended to be used for other purposes.

This rate filing is a request for a rate increase in premium varying by Inflation Type, Benefit Type, and Benefit Period (see table below), effective upon approval by the state, on the base contract and all associated riders. References to policyholders with No Inflation in this actuarial memorandum and appendices is intended to be our classification for those policyholders that didn't elect an automatic inflation option, which includes those without an inflation rider and those with the Guaranteed Purchase Option (GPO).

<b>Inflation Type</b>	<b>Benefit Type</b>	<b>Benefit Period</b>	<b>Requested Rate Increase</b>
No Inflation	Cash	Lifetime or 10 year	40.9%
No Inflation	Cash	Less than 10 year	0.0%
No Inflation	Reimbursement	Lifetime or 10 year	27.2%
No Inflation	Reimbursement	Less than 10 year	0.0%
Auto Inflation	Cash	Lifetime or 10 year	70.4%
Auto Inflation	Cash	Less than 10 year	27.9%
Auto Inflation	Reimbursement	Lifetime or 10 year	36.3%
Auto Inflation	Reimbursement	Less than 10 year	15.5%

These revisions are necessary because the current best estimate projections of the nationwide lifetime loss ratios are higher than the originally priced expected lifetime loss ratios. The higher lifetime loss ratios are due to adverse morbidity and persistency experience. If the requested rate increase is approved and implemented as proposed, Prudential does not expect to request

**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
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June 27, 2022**

additional rate increases based on current expectations of future experience. However, if actual future experience were to deteriorate further, additional rate action may become necessary even if the requested rate increase is approved and implemented as proposed.

Prudential is filing for premium rate increases in each state where policies of these forms were issued.

Upon approval of this rate revision, Prudential will communicate to policyholders their options to reduce the impact of the rate increase. There will be opportunities for most, if not all, policyholders to keep the premium at or below the premium they were paying prior to the rate revision. These options may include reducing the lifetime maximum, reducing the daily benefit, and eliminating optional riders. In addition to what is included in the policyholder notification letter, policyholders will be notified that they can call our customer service representatives to work out a benefit reduction that best works for their situation.

In addition, the contingent non-forfeiture benefit will be available for all policyholders impacted by this rate increase, regardless of their age or rate increase amount.

Please refer to Section 20 for a description of the information contained in each Appendix included in the filing.

## **2. Description of Benefits**

The policies issued on these forms are referred as the “ILTC1” product series. This product was individually underwritten and provides comprehensive long-term care coverage for care received in a nursing home, assisted living facility, or hospice in addition to home and community-based care. This product is intended to be a Tax Qualified Long Term Care Insurance Contract as defined by the internal revenue code section 7702B(b).

This product reimburses covered long-term care expenses subject to the amount of coverage purchased. A waiting period, institutional daily benefit amount, home and community care percentage, maximum lifetime benefit amount and inflation protection option are selected at issue. The available choices can be found in the attached premium rate tables.

The benefit eligibility criteria is based on the insured’s loss of the ability to perform two of the six activities of daily living (ADLs) or having a severe cognitive impairment. Activities of Daily Living are bathing, continence, dressing, eating, toileting, and transferring. Premiums will be waived beginning the first day of the next month following when LTC benefits are payable.

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June 27, 2022**

There are several optional riders that were sold with this product, including a cash benefit option and a monthly benefit option. The cash benefit option allows the insured to choose to receive benefits for Home and Community-Based Care as a cash benefit rather than as reimbursement. No formal services are required to receive a cash benefit. Policies with the cash benefit option are referred to as “Cash Plans” and plans without the cash benefit option are referred to as “Reimbursement Plans”. The monthly benefit option provides benefits for Home and Community-Based Care on a monthly basis such that any or all of the benefits for Home and Community-Based Care can be used within the time frames that meet the insured’s needs.

### **3. Renewability Clause**

This product is a Guaranteed Renewable, Individual Long Term Care policy.

### **4. Applicability**

The premium increase contained in this memorandum will be applicable to all active premium-paying policy holders of the policy form and riders described in Section 1, as these policy forms are no longer sold in the market. The revised premium rate schedules can be found in Appendix D.

### **5. Actuarial Assumptions**

The actuarial assumptions used to project the future premiums and claims are described in this section. Appendix C provides further details of how the experience studies were conducted that were used to develop the actuarial assumptions. Our assumptions this year continue to be on a first principles basis. In the first principles model, experience is studied separately for active (or “healthy”) and disabled lives (in approved claim status). First principles modeling allows for greater transparency and flexibility to study drivers of claims and perform sensitivities. The assumptions used in this filing are Prudential’s 2021 best estimate expectations of future experience for the individual long term care block of business, and do not include any provisions for adverse experience. These assumptions are the basis for the assumptions being used in Prudential’s internal cash flow testing.

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June 27, 2022**

## **Morbidity**

The best estimate for claims incidence, claim terminations due to death and claim termination due to recovery assumptions were developed based on a combination of Prudential's historical claim experience, the Milliman 2017 Long Term Care Guidelines (Guidelines) on a first principles basis and judgment. Claim utilization assumptions were developed based on Prudential's historical claim experience and judgment. The policy design and coverages and the underwriting applied at the time of issue were all considered when setting each morbidity component assumption. The first principles assumptions reflect Prudential's 2021 best estimate of future morbidity. The best estimate assumptions do not include an assumption for morbidity improvement. The assumptions do not include any adverse selection from the rate increase or loads for moderately adverse experience.

## **Mortality**

Healthy lives mortality assumptions were developed from a mortality study conducted on Prudential's healthy life experience and judgment. The 2021 best estimate mortality assumption is the 2012 IAM Basic Table on an Age Last Birthday basis with mortality selection factors for healthy life experience and mortality improvement. The mortality selection factors vary by gender, issue age, and duration. Disabled lives mortality assumptions reside in the morbidity components, also known as claim terminations deaths, and were developed from a mortality study conducted on Prudential's disabled life experience and judgment, and consideration of the Milliman Guidelines and Society of Actuaries LTC experience. All studies for 2021 best estimate exclude COVID-19 related experience as that is a short term impact and these are long term assumptions.

As part of the first principles modeling framework, different mortality improvement assumptions have been developed for healthy lives and disabled lives. For disabled lives, future mortality improvement rates are 0%, which is consistent with actual experience and industry practice. For healthy lives, the mortality improvement structure has remains unchanged from 2020, is generational, and varies by attained age and gender. The attained age structure is consistent with overall population statistics. We based our improvement assumption on the G2 improvement scale that is published with the 2012 IAM mortality base tables, with a true-up for application of the scale to healthy life population, beginning on 1/1/2021. We assumed all remaining policies would terminate at attained age 120. The assumptions do not include any loads for moderately adverse experience.

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## **Lapses**

The voluntary lapse assumptions were developed from a policy persistency study conducted on Prudential's long-term care policy healthy life experience. The voluntary lapse assumptions are our expectations for policy terminations, by duration, for reasons other than death, benefit exhaustion or benefit buy-downs. The lapse assumptions represent the 2021 best estimate expectations of future experience and do not include any provisions for adverse experience. The application of rates is applied to healthy lives only, consistent with the first principles basis, with the disabled life lapse rate assumed at 0%. At time of premium rate increase notification, policyholders may elect a nonforfeiture benefit or an optional benefit reduction and the impact of these policyholder elections is modelled in our projections. Voluntary lapse rates for the Lifetime Premium Pay policies are shown below.

	Inflation		No Inflation	
Policy Duration	Single	Married	Single	Married
6 – 9	1.29%	0.84%	2.79%	1.81%
10 – 14	0.94%	0.61%	2.03%	1.32%
15+	0.82%	0.53%	1.77%	1.15%

NOTE: No inflation includes plans without inflation and GPO.

## **Interest Rate**

An annual interest rate of 4.5% was used to calculate the lifetime loss ratio in the supporting appendices. This was determined based on the predominant number of certificates issues in years that the maximum statutory valuation rate was 4.5%

## **Expenses**

The need for a rate increase is based on the lifetime loss ratio being in excess of the minimum loss ratio. Expenses do not directly impact the lifetime loss ratio and therefore are not used as justification for the rate increase. As such, expenses are not being projected and are not included in this filing.

## **6. Issue Age Range**

This product was available for issue ages 18 - 84. Premiums are based on issue age.

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**7. Area Factors**

Prudential did not use area factors within the state in the premium scale for this product.

**8. Average Annual Premium**

The average annual premium for this product for both prior to the impact of the requested rate increase, and after, is indicated in Appendix A to this memorandum.

**9. Modal Premium Factors**

Modal loads are required because of the varied expenses incurred by Prudential and the effect of interest and persistency. The modal premium factors will remain unchanged from the current factors.

**10. Claim Liability and Reserve**

Claim reserves were calculated using appropriate actuarial methods for IBNR and for open claims on a disabled life basis. The claim reserves were discounted to the date of incurral for each claim and have been included in the historical incurred claims. An annual interest rate of 4.5% was used to calculate the present value of future claims in the supporting exhibits.

**11. Active Life Reserves**

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum required loss ratios. Incurred claims exclude any change in active life reserves.

**12. Trend Assumption**

Benefits payable are equal to or less than the daily or monthly benefit limit. We have not included any medical trend in the projections.

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**13. Requested Rate Increase and Demonstration of Satisfaction of Loss Ratio Requirements**

Prudential is requesting a premium increase varying by inflation type, benefit type, and benefit period, to be applied to all ILTC1 active policies.

Satisfaction of loss ratio requirements are demonstrated in Appendix A. The demonstration is based on a 58% loss ratio on the initial premium and an 85% loss ratio on the increased premium. This approach requires that the sum of the historical and projected future incurred claims must exceed the sum of 58% of the initial premium and 85% of the increased premium.

**14. Distribution of Business**

The historical experience reflects the actual distribution of policies during the experience period. We used the current distribution of business as of June 30, 2021 to project future experience.

**15. Experience – Past and Future**

The historical and projected nationwide experience, both with and without the rate increase, is contained in Appendix B. Note that there is no margin for adverse deviation in the future incurred claim projections in Appendix B. Additionally, the historical and projected nationwide experience is on a Pennsylvania rate basis.

The historical and projected experience for this state, both with and without the rate increase, is contained in Appendix E. Note that there is no margin for adverse deviation in the future incurred claim projections in Appendix E.

Historical experience is shown by claim incurral year.

**16. Lifetime Loss Ratio**

The anticipated nationwide lifetime loss ratios, both without a rate increase and with the requested rate increase, are shown in Appendix A. The development of these nationwide lifetime loss ratios is shown in Appendix B.



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The rate increase is assumed effective February 1, 2023 in our projections.

## **17. History of Rate Adjustments**

See Appendix A for a history of previous rate adjustments on this policy form.

## **18. Number of Policyholders**

The current number of policyholders as of June 30, 2021 can be found in Appendix A.

## **19. Proposed Effective Date**

This rate revision will be implemented following state approval and a minimum of a 60 day notification to the policy holder. Implementation will be no earlier than February 1, 2023.

## **20. Summary of Appendices**

Appendix A contains state-specific information, indexed to the section numbers applied in this memorandum.

Appendix B contains historical and projected nationwide experience for all policies issued under this form on a Pennsylvania state rate basis. The appendix also includes the projected lifetime loss ratios both without and with the proposed increase. Note that there is no margin for adverse deviation in the future incurred claim projections in Appendix B.

Appendix C describes the development of the best estimate mortality, voluntary lapse, incidence, utilization, claim termination by death and claim termination by recovery assumptions. Included within Appendix C are six exhibits that show actual experience to projected best estimate experience. The best estimate values in these exhibits reflect Prudential's assumptions developed in 2021. Actual to expected results close to 100% demonstrates that the current assumptions are reasonable compared to the actual results.

Appendix D contains the premium rate pages associated with this filing.

**Actuarial Memorandum Supporting Rate Revisions for  
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Individual Long-Term Care Insurance Product  
June 27, 2022**

Appendix E contains the same information as Appendix B except it contains only state specific experience and projections.

**21. Relationship of Renewal Premium to New Business Premium.**

Prudential is no longer selling any new Long-Term Care business. Therefore, the comparison of renewal premium rates after the rate increase to Prudential's current new business premium rate schedule is not applicable.

**22. Actuarial Certification**

I am a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long term care insurance premiums.

To the best of my knowledge and judgment this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions, with the exception that Prudential is not currently providing a certification that no future increases are anticipated under moderately adverse experience.

The policy design and coverages, the underwriting used at the time of issue, and the claim adjudication process were all taken into consideration.

In forming my opinion, I have used actuarial assumptions and actuarial methods as I considered necessary. The pricing assumptions are consistent with Prudential's current best estimates and do not include a margin for adverse experience. The premium rates are not excessive or unfairly discriminatory.



Michael Zilberman, FSA, MAAA  
Director, Actuary  
Prudential Long Term Care  
June 27, 2022

## Appendix C

### The Prudential Insurance Company of America

#### Description of Experience Analysis and Assumption Setting

##### Mortality Study

The 2Q21 Best Estimate Healthy Lives Mortality Assumption applies to policies that are not in pending or approved claim status. This is consistent with the application of the rates in the first principles model. The healthy lives mortality rate assumptions are calculated in three parts: (1) a base rate mortality table, (2) selection factors based on Prudential healthy life experience, and (3) a mortality improvement factor for healthy lives. The best estimate assumption is applied at the policy level, as: (base rate from mortality table \* selection factor \* improvement). The specific rate from the industry mortality table is based on attained age and gender; the selection factor varies by line of business, gender, issue age and duration of the policy; and historical improvement is a single factor based on population improvement from the midpoint of the study period to the start of future improvement. Future improvement is now a generational table that varies by year, attained age and gender. The selection factor assumptions (2) are developed separately for ILTC and GLTC based on experience, but the base industry rate table (1) and improvement factors (3) are the same for both products.

We use the 2012 IAM Basic Table on an ALB basis adjusted for actual healthy life experience with judgment adjustments in the places we are not yet credible, i.e. ultimate selection factors as there is no healthy only industry mortality table. Mortality selection factors vary by issue age, gender, duration, and product type to best match our actual healthy life experience using the total lives industry mortality table as a base.

Future Mortality improvement is a factor that is applied to the mortality rate that has been adjusted by selection factors. It is intended to reflect the notion that the probability of death for a given attained age will decrease over time, as the population is living longer, indicating an improvement in mortality. The rate of improvement will decrease by attained age. Very high attained ages are not believed to improve at all. The generational scale used is the G2 scale published for use with 2012 IAM table adjusted to apply only to healthy lives by grossing up the tabular factors by the ratio of 1 divided by the percentage of lives assumed to be healthy at each attained age/gender. That is, we assume healthy lives experience mortality improvement while disabled lives do not.

The 2Q21 study is based on a review of A/E ratios using the base unimproved BE2020 mortality tables as the expected basis. We used a 5-year study period and checked whether the A/E ratios fall within a 95% confidence interval. Prudential's experience study was performed using mortality data from 1/1/2015 - 12/31/2019, with deaths reported through 12/30/2020. All COVID-19 related experience is excluded. For ILTC, all base tables are within the 95% confidence interval for healthy lives only. For GLTC, the base tables were outside the 95% confidence interval for both male and female, driven by issue ages 60+. Adjustment factors were developed by gender and issue age band

0-59 and 60+. Exposure in the projection is predominantly in durations 10 and later. Therefore, the adjustment factors were developed and tested based on experience in durations 10 and later.

There were no changes to the future mortality improvement assumption in 2Q21.

### **Voluntary Lapse Study**

A voluntary lapse study was also conducted on the Company's actual experience using data through December 31, 2019. Policy termination experience in 2020 was excluded due to the COVID-19 pandemic emergency orders, which resulted in extension of policy grace periods in all US jurisdictions, materially disrupting the normal policyholder termination rate patterns.

Voluntary lapses are studied using actual terminations which are not deaths and are not policy expirations. Furthermore, actual lapses deemed to be shock lapses upon implementation of premium rate increases were removed from the voluntary lapse study to ensure that the lapse experience was not overstated. (Note that shock lapse rate experience is studied separately.)

Disabled lives exposure was excluded to ensure a healthy-only lapse rate. All healthy lives exposure (including exposure during the shock period, which is the 2 months prior to a rate increase effective date through 4 months after a rate increase effective date) is included in the calculation of historical voluntary (non-shock) rate increase. The study includes healthy life exposure only -- consistent with its application in the first principles model.

The best estimate assumptions for voluntary lapse rates are set based on experience by line of business and policy duration. ILTC rates are also set by inflation option, marital status, and premium payment period. GLTC rates are also set by business segment. For the AICPA and CORE segments, ultimate rates are set for attained ages 65 plus.

The 2Q21 study is based on a review of A/E ratios using a 3-year study period and whether the A/E ratios fall within a 95% confidence interval. The study was based on experience in years 1/1/2017 - 12/31/2019 with lapses reported through 12/31/2020. For ILTC, all voluntary lapse tables are within the 95% confidence intervals, no changes were made to the assumption. For GLTC, AICPA and Core company groupings were within the 95% confidence intervals, so no changes were made to the assumptions. The GLTC All Else grouping fell outside and above the 95% confidence interval. Changes were made to this assumption that brought the rates inside the confidence interval. These were rate changes impacted rates prior to the ultimate period (duration 30) and in attained ages 65 and greater.

### **Incidence Study**

A claim incidence is defined as an approved claim with or without a dollar of payment. The assumption was developed starting with base incidence rates from the 2017 Milliman Cost of Care Guidelines and applying Prudential fitting factors to adjust for our experience. The guidelines are based on Milliman's slice of industry wide experience with underwriting and area specific selection factors applied. These are customized to the company's underwriting guidelines and product

benefits compared with the total guidelines. The area factors are also adjusted based on where Prudential has exposure.

We set the Prudential fitting factors based on drivers of incidence underlying our experience. For GLTC, drivers include attained age and underwriting mix, gender, cash/reimbursement benefits, and product. For ILTC, drivers include marital status, gender, cash/reimbursement and product. A final factor is applied to the base table to align the proportion of claim incidences into sites of care to be consistent with our data. These factors differ based on whether a policy has cash benefits available, as cash is predominantly an HHC benefit.

An incidence study was performed using the company's claims incidences that occurred from inception through 12/31/19 and reported through 12/31/20. Similar to other assumption development, 2020 incurred incidence was not incorporated into the analysis due to disruption caused by the COVID-19 pandemic. A 95% confidence interval test was performed using our 2Q 20 best estimate assumptions as the expected rates to determine if changes were needed for 2Q 21. Confidence interval testing showed that the GLTC male and female splits both failed a 95% confidence interval test. This is mostly attributed to an update to the 12/31/2020 data feed that removed claims associated with return of premium on death rather than traditional LTC claims. As a result, increases to the GLTC male and female Prudential selection factors were made which brought expected incidence rates inside of the confidence interval.

Changes to the cash base tables were also made to project all cash benefit policies into cash site of care. This treatment of cash policies is consistent with claims practice going forward and the 2Q21 utilization study. In the past, a small portion of cash policies was projected into ALF and SNF sites of care. The 2Q21 base cash incidence rate was developed as a multiple of Milliman HHC base rates that would achieve 100% cash A/E after adjustment for Prudential and Milliman selection factors.

### **Utilization Study**

A claim utilization study was performed to anticipate how much of each claim's maximum available daily benefits will be incurred for LTC services. Actual Utilization is measured as the ratio of the total actual claim payments to the calculated maximum possible payment for each claim. The maximum possible exposure is calculated as the total length of stay (time period from the end of the elimination period to the claim end date) multiplied by the daily benefit maximum (DBM) in-force over that period (including automatic inflation and GPO increases).

The company's claim experience was analyzed with claims incurred from inception through a disabled date of 12/31/2019, payments reported through 12/31/2020, with service dates through 12/31/2019. Similar to other assumption development, 2020 service dates were not included in the analysis due to the disruption caused by the COVID-19 pandemic.

We set our claim utilization assumption based on several key drivers. The 2Q21 assumption was developed by first splitting experience into cash and non-cash policies then additional drivers were determined. These include initial site of care, line of business, issue DBM, inflation type, and benefit

period. The study includes claim exposure without any payments (inactive claims), after the elimination period. The assumption is split into a select period (months 1-12) and an ultimate period (months 13+). The assumption includes factors for policies that accept landing spot. Utilization is capped at a maximum amount which applies depending on a claim's initial site of care. Note that since all policy benefit payments are studied in relation to the original care site, transfers from one care site to another care site are implicitly captured in the utilization rates, and claim site transfers are a key reason why ultimate claim period utilization (months 13+) is higher than select period utilization (months 1-12).

### **Claim Terminations Study (death and recovery)**

A claim termination study was performed to define the length of a claim. Decrements are split between death and recoveries where recoveries are added back to the active life population in the projections. The assumption is based on the death and recovery tables by initial situs in the 2017 Milliman Cost of Care Guidelines after applying Prudential's adjusted claim termination death and recovery experience fitting factors. The 2017 Milliman guidelines table of rates vary by age at disability, monthly claim duration, gender, benefit period (i.e. lifetime vs. non-lifetime benefit periods) and are split for deaths and recoveries. Prudential death and recovery claim termination fitting factors vary by the demographics included in the Milliman base table - age at disability, monthly claim duration, gender, benefit period, initial care setting - as well as product and cash/reimbursement benefits option.

The company's claim experience was analyzed with claims incurred from inception through 12/31/2019 and developed through 12/31/20. All COVID-19 related experience was excluded. A 95% confidence interval test was performed using our 2Q 20 best estimate assumptions as the expected rates to determine if changes were needed for 2Q 21. The test is performed at the Group vs Individual LTC line of business and annual (twelve-month intervals) claim duration level. The study failed for claim termination deaths within the first 12 months. This was driven by data changes which impacted terminations in months 1 to 3. The claim termination death factors were adjusted for months 1-3 to bring the A/Es within the confidence interval. The claim termination recoveries passed the confidence interval tests and no changes were made to the assumption.

The Prudential Insurance Company of America  
[As Administered by CHCS  
Long-Term Care Customer Service Center  
P.O. Box 1911  
Pensacola, FL 32591  
Tel: 1-800-732-0416 Fax: 1-866-212-4724]

Policyholder Name: [FIRST NAME LAST NAME]  
Policy Number: [XXXXXXXXXXXX]

Please complete this form and fax it to [1-866-212-4724] or return it by mail to the address shown above. Since it can take up to 30 days for a benefit change to be processed on your policy, please return this form within 30 days from the date of this Notice of Premium Rate Increase to be assured that the requested change(s) to your Long-Term Care insurance coverage will be reflected on the effective date of the premium rate increase. If you return this form more than 30 days after the mailing date, we cannot guarantee the elected change(s) to your Long-Term Care insurance coverage will be processed before the effective date of the premium rate increase.

Any changes to your coverage can be elected after this 30-day period but your premium rate may be adjusted after the effective date of the premium rate increase. **[IF CNFO:Please Note: This does not include changes to your coverage if you elect to exercise the Contingent Non-Forfeiture Benefit Option. Please see the benefit description listed below for details on this benefit option.]**

### **LONG-TERM CARE INSURANCE CHANGE REQUEST FORM**

This form can be used to make changes to your Long-Term Care insurance coverage to reduce the impact of the premium rate increase[s] identified in the Notice of Premium Rate Increase letter included with this packet.

***If you decide to make a benefit change, you will have a 30 day right to review any changes to your coverage. After that period, the decision to reduce your plan's benefit is not reversible.*** This decision should be considered carefully. If you anticipate filing a claim in the near future, it may not be advantageous to modify your plan's benefit design.

Before making any changes, we would encourage you to review your policy and to call our Long-Term Care Customer Service Center at [1-800-732-0416, Monday through Friday, between 8 a.m. and 6 p.m. ET], to discuss the range of options that may be available to you, and to learn how the selection of each option will affect (1) the amount of premium you will be required to pay, and (2) your coverage.

**Please indicate your change(s) by checking and completing the options below.**

**NOTE: If you check more than one option, you should call us for the new premium amounts.**

- ☐ **[IF INSURED UNDER CASH BENEFIT RIDER:Remove my Cash Benefit Rider and convert my Policy to a daily reimbursement plan.]**

- ☐ **IF INSURED UNDER CASH BENEFIT RIDER:** Replace my **Cash Benefit Rider** with the **Cash Indemnity Rider**. I understand that by replacing my Cash Benefit Rider with the Cash Indemnity Rider that the Cash Indemnity Rider will pay the full daily benefit for Home and Community-Based Care only for the days that **formal** services are received, and proof of such services having been received is provided to Prudential. Formal services mean services from a licensed provider. I will no longer have the option to receive a monthly cash payment of the full daily benefit for Home and Community-Based Care upon satisfaction of the Benefit Eligibility Criteria, regardless of whether formal or informal services were received. Furthermore, I understand that my Cash Benefit Rider will terminate.]
- ☐ **[IF INSURED UNDER CASH INDEMNITY RIDER:** Remove my **Cash Indemnity Rider** and convert my Policy to a daily reimbursement plan.]
- ☐ **[IF AUTOMATIC INFLATION:** Decrease my Daily Maximum amount from [\$\$\$] to [\$\$\$] (my corresponding *inflated* Daily Maximum amount would decrease from [\$\$\$] to [\$\$\$]).]**[IF NOT AUTOMATIC INFLATION:** Decrease my Daily Maximum amount from [\$\$\$] to [\$\$\$].]
- ☐ **[IF INSURED UNDER MONTHLY BENEFIT RIDER:** Remove my Monthly Benefit Rider and convert my Policy to a daily reimbursement plan.]
- ☐ **[IF NFO:** I wish to exercise the non-forfeiture option. I understand that by doing so, no further premium payments will be due under my policy and my Benefit Waiting Period and Daily Maximum will remain the same, but my Lifetime Maximum benefit will be reduced]
- ☐ **[IF CNFO:** I wish to exercise the contingent non-forfeiture option. I understand that I can only make this election within the 120-day period following the due date of my increased premium, and that I must continue paying premiums up until that due date. I also understand that by making this election, no further premium payments will be due under my policy and my Benefit Waiting and Daily Maximum will remain the same, but my Lifetime Maximum benefit will be reduced.]
- ☐ I would like to exercise the following benefit reduction(s) not listed above:

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I understand that someone from the Long-Term Care Customer Service Center may call me to clarify my wishes or explain if the following change requested can be made.

#### ACKNOWLEDGEMENT:

By signing below, I understand that each option available as an alternative to paying the full premium rate increase will result in a different change to my policy benefits. I understand that the coverage changes I have selected above will reduce my current benefits. I acknowledge that I am making this decision carefully and in consideration of my personal situation. After the 30 day right to review period, I understand that I am not able to reverse my election. I acknowledge that Prudential has made the Long-Term Care Customer Service Center available for me to discuss these options. I affirm that any changes made pursuant to this form, are made voluntarily and that I am under no obligation to make them. I understand that I may consult with an accountant, financial planner, tax specialist and other professional advisors before making any changes to my coverage. I acknowledge that Prudential encourages me to do so to ensure that any changes I make to my coverage best suit my individual financial and insurance



needs. I agree that any changes will become effective on the date set by The Prudential Insurance Company of America upon receipt of this request.

---

Signature of Policyholder for Policy  
[XXXXXXXXXXXX]

---

Date Signed

**PLEASE RETURN ALL PAGES OF THE CHANGE REQUEST FORM**

## Coverage Options for Policy [XXXXXXXXXX]

**[IF INSURED UNDER CASH BENEFIT RIDER:** You may drop your Cash Benefit Rider. This means that if you are determined to be eligible to receive benefits under your policy, you will be reimbursed for covered expenses up to the Home and Community Based Care Benefit rather than receive a monthly cash amount as provided under the Cash Benefit Rider. **This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].]**

**[IF INSURED UNDER CASH INDEMNITY RIDER:** You may drop your Cash Indemnity Rider. This means that if you are determined to be eligible to receive benefits under your policy, you will be reimbursed for covered expenses up to the Daily Maximum for Home and Community-Based Care rather than receive the full daily benefit for Home and Community-Based Care for the days that formal services are received and proof of having received such services is provided to Prudential. **This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].]**

**[IF AUTOMATIC INFLATION:** You may reduce your initial Daily Maximum amount from [\$XXX] to [\$YYY] (because your policy has an inflation protection provision or rider, your corresponding *inflated* Daily Maximum amount will decrease from [\$XXX] to [\$YYY]<sup>1</sup>). **[IF NOT AUTOMATIC INFLATION:** You may reduce your initial Daily Maximum amount from [\$XXX] to [\$YYY]<sup>1</sup>.] This means that the maximum benefit that you could receive under the policy for each day you receive benefits will be reduced to the amount stated above. **This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].** Please note that by reducing your Daily Maximum amount, you will also be reducing the total amount of benefits payable under your policy (Lifetime Maximum), unless your policy has an Unlimited Lifetime Maximum. Before making any decision to reduce your Daily Maximum amount, please consider the current and future cost of care in the geographic area where you anticipate receiving care, and the amount you expect to be able to pay for care from your own assets and savings.]

**[IF INSURED UNDER MONTHLY BENEFIT RIDER:** You may drop your Monthly Benefit Rider. This means that if you are determined to be eligible to receive benefits under your policy, you will be reimbursed for covered expenses up to the Home Care Daily Benefit rather than up to the monthly maximum amount under the Monthly Benefit Rider. **This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].]**

**[IF NFO:** You may exercise a right under your non-forfeiture rider to change your policy to paid-up status. If you elect this option, you will no longer have to pay any premiums and you will retain a reduced amount of coverage in force which can be used to receive reimbursement for future Long Term Care insurance claims you may ultimately have. The reduced amount of coverage you keep under this option is your reduced paid up benefit. Under the reduced paid up benefit, your Benefit Waiting Period and Daily Maximum will remain the same, but your Lifetime Maximum benefit will be reduced. If you had an inflation benefit in the past, the Daily Maximum and Lifetime Maximum amounts will no longer increase for inflation in the future under any circumstances. Please note, with the exception of Cash and Monthly Riders, all other riders attached to your policy will terminate. The other terms of your policy, including but not limited to the requirements you need to meet to be eligible for reimbursement of any future Long Term Care claims, remain unchanged. You can elect this option by checking the appropriate box on the enclosed *Long-Term Care Insurance Change Request Form*. If you do not submit a *Long-Term Care Insurance Change Request Form* or contact our Customer Service Center and coverage lapses because you do not pay the full increased premium, your policy will automatically be converted to paid-up status with reduced benefits.]

Or, if NFO is not an option,

**[IF CNFO:** You may exercise a contingent non-forfeiture right to change your policy to paid-up status. If you elect this option, you will no longer have to pay premiums and you will retain a reduced amount of coverage in force which can be used to receive reimbursement for future Long Term Care insurance claims you may ultimately have. The reduced amount of coverage you keep under this option is your reduced paid up benefit. Under the reduced paid up benefit, your Benefit Waiting Period and Daily Maximum will remain the same, but your Lifetime Maximum benefit will be reduced. If you had an inflation benefit in the past, the Daily Maximum and Lifetime Maximum amounts will no longer increase for inflation in the future under any circumstances. Please note, with the exception of Cash and Monthly Riders, all other riders attached to your policy will terminate. The other terms of your policy, including but not limited to the requirements you need to meet to be eligible for reimbursement of any future Long Term Care claims, remain unchanged. You can elect this option within 120 days of the implementation of the premium increase by checking the appropriate box on the enclosed *Long-Term Care Insurance Change Request Form*. If you do not submit a *Long-Term Care Insurance Change Request Form* or contact our Customer Service Center and coverage lapses because you do not pay the full increased premium, your policy will automatically be converted to paid-up status with reduced benefits.]

**[IF STATE APPROVED INCREASE OVER MULTIPLE YEARS:IMPORTANT INFORMATION:** This policy's premium rate increase is being phased in over multiple years. The increase schedule is shown in the chart on page one of this Notice of Premium Rate Increase. You will receive a notification letter in advance of the effective date of each phase of the premium rate increase.]

**[IF NOT AT MINIMUM:** Please note that the premiums quoted above relate to your election of just one option.]

**If you wish to determine your non-forfeiture value, elect more than one option if available, or understand if there may be additional options available to you such as reducing your Lifetime Maximum benefit amount, please call us at [1-800-732-0416].** Our dedicated Long-Term Care Customer Service Center staff can provide you with information about the complete range of options that may be available and are available to assist you [Monday through Friday, between 8 a.m. and 6 p.m. ET].

If you would like to make any available change, please complete the attached *Long-Term Care Insurance Change Request Form*. You can either fax the completed form to [1-866-212-4724] or mail it to the address noted on the *Long-Term Care Insurance Change Request Form*.

<sup>1</sup> The Daily Maximum amount is subject to any applicable state requirements.

## **Frequently Asked Questions Relating to Premium Increase**

**Question: Why are my long-term care insurance premium rates increasing?**

**Answer:** The Prudential Insurance Company of America (Prudential) continuously reviews and assesses the long-term care insurance policies like yours, called ILTC1. Our actual and projected future claims experience is different from anticipated and, as a result, a premium increase is needed to help ensure that premiums are sufficient for future benefits on all ILTC1 policies.

**Question: What provisions in the policy allow Prudential to raise premiums?**

**Answer:** The “Renewability” and “Changes in Premiums” provisions in your policy describe the right to increase the premium charged for the insurance.

**Question: Will the premiums on these policies increase again?**

**Answer:** **[IF ADDITIONAL INCREASE IS CERTAIN:**In addition to the premium rate increase(s) explained in the attached Notice of Premium Increase letter, we anticipate that another increase will be necessary in the future, but we currently do not know the date or amount of that future increase.]

**[IF ADDITIONAL INCREASE IS POSSIBLE:**In addition to the premium rate increase(s) explained in the attached Notice of Premium Increase letter, it is possible that, as we continue to regularly review the factors that affect premium rates, another increase may be needed in the future.]

Should a future increase become necessary, you will receive notification in advance of the effective date of the increase along with benefit reduction options to help offset that premium rate increase. We will continue to monitor the factors that impact premiums to determine if our assumptions are consistent with actual experience.

**Question: Have I been singled out for this rate increase because of my age or health?**

**Answer:** No individual policyholder has been singled out for an increase due to age or changing health.

**Question: I no longer live in the state where I purchased my policy, does the increase still apply?**

**Answer:** Yes, the rate increase applies because your long-term care insurance policy is regulated by the state you lived in when you purchased it, even if you have since moved out of that state.

**Question: When will this premium increase become effective?**

**Answer:** The increase will become effective on the [first premium due date][first anniversary date] following implementation of the rate increase in the state in which your policy was issued. You can find that date in the Notice of Premium Increase letter that was sent along with these frequently asked questions.

**Question: What will happen if I do nothing?**

**Answer:** If you take no action, your policy will remain as it is today, without any changes to coverage or policy features and you will be billed the increased premium rate.

The Prudential Insurance Company of America  
[As Administered by CHCS  
Long-Term Care Customer Service Center  
P.O. Box 1911  
Pensacola, FL 32591  
Tel: 1-800-732-0416 Fax: 1-866-212-4724]

[DATE]

[FIRST NAME LAST NAME]  
[STREET ADDRESS]  
[CITY, STATE ZIP CODE]

Re: Policy Number: [XXXXXXXXXXXX]  
Prudential Long-Term Care Insurance Policy  
**Notice of Premium Rate Increase**

Dear [MR/MS LAST NAME]:

We're writing to let you know that the premium for your long-term care insurance policy is increasing. This letter will tell you when your premium will increase and how much more you will pay. **[IF NOT AT MINIMUM:** In addition, options that are available to you if you don't want to or can't pay the full premium rate increase<sup>1</sup> are provided on the enclosed *Coverage Options* document.]

We ask that you please read this letter carefully and in its entirety. We encourage you to have a copy of your policy available to reference if needed. If you do not have a copy of your policy, please call our Long-Term Care Customer Service Center at [1-800-732-0416]. Their hours of operation are [Monday through Friday, 8:00 a.m. to 6:00 p.m., Eastern Standard Time].

**[IF A MULTIYEAR INCREASE AND THE FINAL ROW INCREASE IS NOT 0% OR IF A SINGLE YEAR RATE INCREASE:** Your current premium is [\$xxxx.xx] paid [monthly, quarterly, semiannually, annually]. This premium rate increase<sup>1</sup> will be implemented in [X] phase(s). This chart reflects the phase(s), and your premium after each phase, assuming no benefit changes are made to your policy<sup>2</sup>.]**[IF A MULTIYEAR INCREASE AND THE FINAL ROW INCREASE IS 0%:** Your current premium is [\$xxxx.xx] paid [monthly, quarterly, semiannually, annually]. This premium increase<sup>1</sup>, which can vary based on your policy benefits, will be implemented in multiple phases for some policies in your state. This chart reflects the phases, and your premium after each phase, assuming no benefit changes are made to your policy<sup>2</sup>. Note that if your premium rate increase percentage is zero in a given phase, that means your premium will not increase in that phase.]

Rate Increase Phase(s)	Earliest Effective Date of Premium Rate Increase	Premium Rate Increase Percentage	New [Monthly, Quarterly, Semiannual, Annual] Premium with Rate Increase
[1]	[xx/xx/xxxx]	[xx.xx]%	[\$xxxx.xx]
[2]	[xx/xx/xxxx]	[xx.xx]%	[\$xxxx.xx]
[3]	[xx/xx/xxxx]	[xx.xx]%	[\$xxxx.xx]

<sup>1</sup> Premium rate increase is the rate increase that is detailed in this Notice of Rate Increase Packet.

<sup>2</sup> The premium amounts cited in this letter do not reflect any benefit changes that may already be pending at this time or that you elect in the future. Your actual premium may be different due to rounding.

[IF A MULTIYEAR INCREASE; Prior to each phase, you will receive a notification in advance of the effective date of the increase. We recommend that you retain this letter for future reference.]

[IF DIRECT BILL: You'll see this increase in the statement you receive before the effective date of the new premium rate.][IF EFT: Since you pay your premium via electronic funds transfer, the withdrawal from your account that occurs before the effective date of the new premium rate will automatically reflect the new amount.]

We have filed this premium rate increase with state insurance regulators and are implementing this premium increase as permitted by the terms and conditions of your policy, and in accordance with applicable laws.

If you continue to pay your premium at the increased rate listed, the coverage provided under your policy will remain the same. If you don't want to or can't pay the full premium increase, please refer to the enclosed *Coverage Options* document, which provides information on option(s) to reduce the impact of the premium rate increase.

If you would like to make a change, please complete the enclosed *Long-Term Care Insurance Change Request Form*. You can either complete and fax the form to [1-866-212-4724] or mail the form to the address noted on the *Long-Term Care Insurance Change Request Form*.

Please also refer to the enclosed *Frequently Asked Questions*, which provide more information about this premium rate increase. Please note, all options offered as an alternative to the rate increase may not be of equal value.

We understand this premium rate increase affects you financially, but we hope you will continue to appreciate the value of your long-term care insurance coverage. We made this decision after thoroughly evaluating the factors that impact premium rates. The premiums we charge you are affected by several things, including assumptions we make about the amount of claims we expect to pay under policies like yours, as well as other factors. After an extensive review of all these factors, we determined that a premium rate increase is necessary to continue providing the quality insurance coverage you've come to expect.

[IF ADDITIONAL INCREASE IS CERTAIN: We sought an increase of [xx.x%] when we filed this premium rate increase with your state regulator; however, we were granted a lower increase as shown on page one. Because of this, we anticipate that an additional premium increase will be necessary in the future, but we don't currently know the date or amount of any future increase.]

[IF ADDITIONAL INCREASE IS POSSIBLE: In addition to this premium rate increase identified in this policyholder notification letter, it is possible that, as we continue to regularly review the factors that impact premium rates, another increase may be needed in the future.]

If a future increase becomes necessary, you will receive notification in advance of the effective date of any such increase, along with suggested options to help offset that future increase. We will continue to monitor the factors that impact premiums to determine if our assumptions are consistent with actual experience.

**Before making a decision to change your coverage, we encourage you to contact our Long-Term Care Customer Service Center at [1-800-732-0416, Monday through Friday, between 8 a.m. and 6 p.m. ET].** Our dedicated customer service team is ready to assist you and can provide you with information about the complete range of options that may be available to you. We appreciate having you as a customer and look forward to continuing to serve you.

Sincerely,

**Prudential Long-Term Care**

[cc: Insurance Producer FIRST NAME LAST NAME]

**ENCLOSURES:**

*Coverage Options Form*

*Long-Term Care Insurance Change Request Form*

*Frequently Asked Questions Relating to Premium Increase Form*



**Mike Zilberman, FSA, MAAA**  
Prudential Long Term Care  
745 Broad St  
Newark, NJ 07102  
Tel: (973)716-4225  
michael.zilberman@prudential.com

Date: October 18, 2022

To: James Laverty  
Pennsylvania Department of Insurance

Re: SERFF Tracking Number: PRUD-133315768  
Objection Letter Dated August 1, 2022  
ILTC1 Post-RS Rerate

Dear Mr. Laverty,

This is in response to your questions on August 1, 2022.

**The Department would prefer to limit annual increases to 30% per year. ILTC-1 policies characterized as “Auto Inflation/Cash/Unlimited” are scheduled to receive 70.4% in Pennsylvania. Proposed rate increases should be staged over multiple years to accommodate the 30% annual limit.**

We would be happy to comply with the Department’s preference to cap rate increases at 30% per year and implement them in the following manner:

Date	Year 1	Year 2	Year 3	Total
Auto Inflation/Cash/Unlimited	19.5%	19.4%	19.4%	70.4%
Auto Inflation/Reimbursement/Unlimited	16.7%	16.7%	0.0%	36.2%
Auto Inflation/Cash/Limited	27.9%	0.0%	0.0%	27.9%
Auto Inflation/Reimbursement/Limited	15.5%	0.0%	0.0%	15.5%
No Inflation/Cash/Unlimited	18.7%	18.7%	0.0%	40.9%
No Inflation/Reimbursement/Unlimited	27.2%	0.0%	0.0%	27.2%
No Inflation/Cash/Limited	0.0%	0.0%	0.0%	0.0%
No Inflation/Reimbursement/Limited	0.0%	0.0%	0.0%	0.0%

To that effect, we have included revised rate pages that follow the proposed implementation schedule above in the form of “Appendix D - Rate Pages (PA ILTC1 Post-RS).xlsx”.

Additionally, since the initial rate filing, we discovered that our in-house tool for developing Appendix A, B and E had a minor calculation issue that would result in slight discrepancies between the response to Objection 1 and Appendix A, Section 13 from the initial filing. While the issue was not material to the filing, in order to provide the department with the most correct data we have also included a revised Appendix A, B and E in the form of “PA Post-RS ILTC1 App A B E.xlsx”, which both addresses the issue and re-states our projections using the implementation schedule above.





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### **Objection 1**

**1. Please provide an Excel spreadsheet that incorporates the three calendar-year column vectors requested below:**

- (a) Provide the historical (from inception) and projected nationwide earned premium that will be collected at the original rate level. In terms of the 58%/85% Method, this would be the premium column vector that would be subject to a .58 factor. Please provide this – and all other data in this question - as a non-interest rate discounted column vector.**
- (b) Provide the historical (from the date of the first premium increase) and projected nationwide earned premium that will be collected at a “higher than original” rate level. In terms of the 58%/85% Method, this would be the premium column vector that would be subject to a .85 factor.**
- (c) Provide the projected nationwide calendar-year earned premium (from the effective date of the current proposed increase) that will be collected at a “higher than original” rate level due to the current proposed rate increase. Again, in terms of the 58%/85% Method, this would be subject to a .85 factor.**
- (c) Provide a column vector of the historical (from inception) and projected nationwide incurred claims on a calendar year basis.**
- (e) Please ensure that the data provided is consistent with Section 13 (i.e. Satisfaction of Loss Ratio Requirements) shown in Appendix A.**
- (f) Please provide the interest rate (or calendar-year interest rate vector) used to determine the accumulated and present values found in Section 13 of Appendix A.**

Please see “Q1 ILTC1 Post-RS.xlsx” to view the three non-interest rate discounted calendar-year column vectors requested (see “Projections” tab). Additionally, we have included formulas to show how these numbers are used to directly match Appendix A, Section 13 on the “App A, Section 13” tab.

The interest rate used to determine the accumulated and present values found in Section 13 of Appendix A is 4.5% for ILTC1 Post-RS.

### **Objection 2**

**Please provide a listing of the past requested increases and approved increases by state. Also include a column showing the cumulative increases that have been approved in each state.**

Please see “Q2 ILTC1 Approved&RequestedRI.xlsx” to view past approved rate increases, past requested rate increases, and cumulative rate increases approved by state.

### **Objection 3**

**Page 1 of the actuarial memo states the following: “These revisions are necessary because the current best estimate projections of the nationwide lifetime loss ratios are higher than the originally priced expected lifetime loss ratios. The higher lifetime loss ratios are due to adverse morbidity and**



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**persistency experience.” Please discuss further the adverse morbidity and persistency experience that resulted in the need for the current rate increase. In particular, discuss re-pricing assumptions that have changed from the last increase approved nationwide, discuss any changes due to internal experience studies, and discuss any changes due to updated consultant data.**

Please see the attachment “Q3 ILTC1 Assumption Comparison.xlsx” for a view of how our assumptions have changed over time. Our adverse morbidity and persistency experience is expected to result in a steeper slope of future projected claim costs than originally anticipated.

#### **Objection 4**

**Has Covid 19 been factored into your projections?**

We have not factored COVID-19 experience into our projections. We believe any unusual experience emerging from business accommodations made for the pandemic, or from elevated mortality during the pandemic outbreak, is short-term in nature, and therefore inappropriate to reflect in our long-term assumptions.

#### **Objection 5**

**Please define what a “cash” policy entails. Would it pay the full daily benefit even if the actual daily charge was smaller than the policy maximum? Does it pay the full daily benefit if the person is “benefit eligible” even if no services were received on a given day?**

A Cash benefit will be payable up to the maximum HHC daily benefit for each day the policyholder has met the benefit eligibility requirements, regardless of the amount of expenses incurred for services received. No proof of expenses incurred is required, thus the benefit will be payable even if no services were received on a given day.

#### **Objection 6**

**Please provide a seriatim listing of the affected policies in this block in Excel. Each row within the worksheet must contain the policy’s unique identification number, form number, issue age, issue date, inflation status indicator, benefit period, and Prudential’s suggested premium increase in each year of the implementation period.**

Please see “Q6 ILTC1 Post-RS Policyholders Inforce.xlsx” to view the seriatim listing of affected policies with the information requested.



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I appreciate your time and consideration. If there are any additional questions, please feel free to contact me.

Sincerely,

Mike Zilberman, FSA, MAAA  
Director, Actuary  
Prudential Long Term Care



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Date: November 2, 2022

To: Michael Hibbert  
Bureau of Life, Accident and Health Insurance

Re: SERFF Tracking Number: PRUD-133315768  
Objection Letter Dated October 20, 2022  
ILTC1 Post-RS Rerate

Dear Mr. Hibbert,

This is in response to your questions on October 20, 2022.

### **Objection 1**

**Please provide your best guess as to when the first letter will be mailed informing policyholders of this premium increase.**

Under the assumption the final approval of this filing is received in the first half of November, the first letter informing policyholders of this premium increase is likely to be mailed in January 2023.

### **Objection 2**

**The Department has the following premium increase guidelines: (i) the annual increase on any policyholder should be limited to 30%, (ii) the staging period of the increase should be limited to no more than four years, and (iii) the aggregate increase (weighted upon the current premium column vector in the Excel seriatim policy listing) must be under 100%.**

**Please provide a revised Excel seriatim listing of the affected policies that complies with the guidelines above.**

**The revised Excel seriatim worksheet should include a row for each policy. Each row must contain the policy's unique identification number, form number, issue age, issue date, inflation status indicator, benefit period, current premium, and Prudential's suggested premium increase in each year of the proposed implementation period.**

**Further note that the prior seriatim listing did not include the vector of current premium. Please include this column in the revised seriatim listing.**

Please see the attached file "Q2 ILTC1 Post-RS Policyholders Inforce.xlsx" which meets the above criteria.

### **Objection 3**

The requested increase on this block is 26.3%. Yet, when we calculate the annual ratio of the premium generated from the current requested increase divided by the annual original premium and additional premium taken from your projection exhibit, the ratio does not converge to the requested increase. Please see the table below to see the ratio for selected years.

	Column A	Column B	Column C	
	Original Premium	Prior Additional Premium	Premium from the Proposed Increase	Ratio of Column A over (B+C)
2023	12,490,058	28,063,784	4,301,687	10.6%
2030	7,785,163	18,992,058	7,984,324	29.8%
2035	5,065,278	12,656,299	5,539,455	31.3%
2040	2,909,053	7,461,538	3,410,187	32.9%
2050	671,898	1,827,667	915,415	36.6%
2060	109,561	314,052	169,693	40.1%
2070	14,315	41,812	23,254	41.4%
2075	4,490	13,115	7,309	41.5%

- (a) Why does the ratio not converge quickly (i.e. by perhaps 2027) to requested increase?  
 (b) Why does the ratio converge to roughly 41.5%, rather than 26.3%?

These projections are assuming implementations begin on 2/1/2023 with the last implementation for Auto Inflation/Cash/Unlimited BP being implemented on 2/1/2025. The main driver for these results is projected mix of business. Our lives projection comes from PolySystems, where each policyholder is projected with assumptions based on age, sex, and other factors. Over time, the business mix between our 8 benefit type cohorts start to shift. Given that the requested amount varies among benefit types, we see the average rate increase changing over time.

If you reference the 'Premium Projection by Cohort' worksheet of the attached "Q3\_ILTC1 Post-RS Projected Inforce Distribution.xlsx" you will see the difference in premium between approved and requested premium increase converges by cohort. There are a few caveats here:

- Our model has a shock lapse assumption based on rate increase band each time a rate increase is implemented in the future. This assumption is included in the workbook and reduces the policy count (and as a result the average rate increase amount)
- Rate increases take a year to be fully implemented, so there are modal adjustments in the year that the rate increase is implemented



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The 'Lives Projection by Cohort' worksheet of the attached highlights the mix of business change starting in column AV.

**Objection 4**

**Have you included a margin for adverse experience in your projected claims? Is the margin uniform or does it vary in some way? Please explain.**

There is no margin for adverse deviation in the future incurred claim projections.

I appreciate your time and consideration. If there are any additional questions, please feel free to contact me.

Sincerely,

Mike Zilberman, FSA, MAAA  
Director, Actuary  
Prudential Long Term Care